BILL NO. S-82-02-11

SPECIAL ORDINANCE NO. S-43-82

AN ORDINANCE approving an Agreement by and between the City of Fort Wayne and the Lincoln National Life Insurance Company, and the establishment of a separate insurance fund for employee benefit plan purposes.

WHEREAS, the City of Fort Wayne has analyzed its present insurance coverage as provided to the employees of the City of Fort Wayne and the costs associated therewith;

WHEREAS, the City of Fort Wayne has determined that it is possible to provide identical coverage to its employees while at the same time reducing the City's costs for such coverage by entering into a Shared Funding Insurance Agreement with the Lincoln National Life Insurance Company and by the establishment of a separate insurance fund which would allow payment to the Lincoln National Life Insurance Company for services and charges as specified in the Shared Funding Insurance Agreement; payment of covered claims to employees of the City of Fort Wayne; and the establishment and maintenance of a reserve account.

NOW THEREFORE BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA:

SECTION 1. The Common Council of the City of Fort Wayne does hereby approve in all respects the Agreement attached hereto, as a part hereof, as Exhibit "A", which is the Shared Funding Insurance Agreement by and between the City of Fort Wayne and the Lincoln National Life Insurance Company under which identical insurance benefits will be provided the employees of the City of Fort Wayne at a lower cost to the City of Fort Wayne.

SECTION 2. The Common Council of the City of Fort Wayne does hereby approve the establishment of an insurance fund created for the following purposes: To pay the Lincoln National Life Insurance Company for services and charges as specified in the Shared Funding Insurance Agreement (Exhibit "A"); to pay covered

claims to employees of the City of Fort Wayne, and in that regard, the Common Council of the City of Fort Wayne does hereby further approve the attached Agreement between the City of Fort Wayne and the Lincoln National Bank and Trust Company, of Fort Wayne, Indiana, made a part hereof as Exhibit "B" and to be known as the Claims Account Agreement; and as the third part of such insurance fund, the establishment of a separate reserve account. This reserve account is established so that the City may place into same the minimum sum of $400,000.00, which the City will receive from the Lincoln National Life Insurance Company due to the fact that the Lincoln National Life Insurance Company no longer needs to maintain a reserve fund for insurance coverage purposes under the Shared Funding Insurance Agreement (Exhibit"A") as herein approved by the Common Council.

The City is authorized to invest said monies in the separate reserve account, as herein established as part of the insurance fund, at the highest possible interest rate, and the interest therefrom shall inure to the benefit of the general fund of the City of Fort Wayne.

It is further stipulated that the principal of said separate reserve account may be removed only if the City, in the future, discontinues the shared funding concept, but prior to such removal of principal or any part thereof, any and all claims incurred prior to the date of discontinuance shall be paid.

SECTION 3. If any section, clause, sentence, paragraph, part, or provision of this Ordinance shall be held invalid, it shall be conclusively presumed that this Ordinance would have been passed by the Common Council without such invalid section, clause, sentence, paragraph, part, or provision.

SECTION 4. This Ordinance shall be in full force and effect from and after its passage and all necessary approval by the Mayor.

COUNCILMAN

APPROVED AS TO FORM AND
LEGALITY FEBRUARY 19, 1982

BRUCE O. BOXBERGER, CITY ATTORNEY

Read the first time in full and on motion by Gia Quinta, seconded by Eisbart, and duly adopted, read the second time by title and referred to the Committee Finance (and the City Plan Commission for recommendation) and Public Hearing to be held after due legal notice, at the Council Chambers, City ~~County Building~~, Fort Wayne, Indiana, on _____, the _____ day of _____, 19___, at _____ o'clock ___.M.,E.S.T.

DATE: 2-23-82

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Read the third time in full and on motion by Gia Quinta, seconded by Stier, and duly adopted, placed on its passage. PASSED (~~LOST~~) by the following vote:

	AYES	NAYS	ABSTAINED	ABSENT	TO-WIT:
TOTAL VOTES	8				
BRADBURY	✓				
BURNS	✓				
EISBART	✓				
GiaQUINTA	✓				
NUCKOLS				✓	
SCHMIDT	✓				
SCHOMBURG	✓				
STIER	✓				
TALARICO	✓				

DATE: 3-9-82

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as (~~ZONING MAP)~~ (~~GENERAL)~~ (ANNEXATION) (SPECIAL) (~~APPROPRIATION)~~ ORDINANCE (~~RESOLUTION)~~ NO. S-43-82 on the 9th day of March, 1982.

ATTEST: (SEAL)

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Samuel J. Talarico
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the 10th day of March, 1982, at the hour of 11:30 o'clock A.M.,E.S.T.

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Approved and signed by me this 17th day of March 1982, at the hour of 4 o'clock P.M.,E.S.T.

Win Moses Jr.
WIN MOSES, JR. - MAYOR

BILL NO. S-82-02-11

REPORT OF THE COMMITTEE ON FINANCE

WE, YOUR COMMITTEE ON Finance TO WHOM WAS REFERRED AN ORDINANCE approving an Agreement by and between the City of Fort Wayne and the Lincoln National Life Insurance Company. and the establishment of a separate insurance fund for employee benefit plan purposes

HAVE HAD SAID ORDINANCE UNDER CONSIDERATION AND BEG LEAVE TO REPORT BACK TO THE COMMON COUNCIL THAT SAID ORDINANCE DO PASS.

MARK E. GiaQUINTA - CHAIRMAN

PAUL M. BURNS - VICE CHAIRMAN

JAMES S. STIER

JOHN NUCKOLS

DONALD J. SCHMIDT

DATE 3-9-82

CONCURRED IN

CHARLES W. WESTERMAN, CITY CLERK

EXHIBIT "A"

AGREEMENT

with respect to

GROUP LIFE INSURANCE POLICIES NO(s). GL-13,192 and
GROUP DISABILITY INSURANCE POLICIES NO(s). CD-13,192.

WHEREAS, CITY OF FORT WAYNE (hereinafter referred to as "Policyholder") has established an employee benefit plan, (hereinafter referred to as "Plan") the purpose of which is to provide medical expense benefits for certain employees, which benefits are identical to those provided under the Policy(ies) issued by The Lincoln National Life Insurance Company (hereinafter referred to as "Lincoln National") to Policyholder;

WHEREAS, Policyholder wishes to assume liability for payment of the medical expense benefits described in the Policy(ies), subject to a stated maximum aggregate amount as described herein;

WHEREAS, Policyholder desires Lincoln National to pay in any policy year only those medical expense benefits under the Policy(ies) as are in excess of that stated maximum aggregate amount;

WHEREAS, Policyholder has requested Lincoln National to serve as its agent with respect to payment of such medical expense benefits under the Plan, and Lincoln National is willing to do so in accordance with the terms of the Agreement; and

WHEREAS, Lincoln National is willing to provide insurance under the Policy(ies);

NOW, THEREFORE, it is agreed as follows:

1. This Agreement is effective October 1, 1981.
2. Definitions
   (a) "Plan" means only that portion of Policyholder's employee medical expense benefit plan which is identical to the benefits described in the Policy(ies) and which is not in excess of the stated maximum aggregate amount as described herein.
   (b) "Policy Year" means the period beginning October 1, 1981 and ending March 31, 1982, thereafter "Policy Year" means the period(s) of one year beginning each April 1, 1982 and ending the next following March 31 provided that if the Policy(ies) or the Plan is terminated, the end of a Policy Year shall be deemed to be the date either the Policy(ies) or the Plan is terminated.
   (c) An "Experience Refund Calculation" means that calculation made by Lincoln National upon the completion of a Policy Year. An Experience Refund is equal to
      (i) all premiums paid under the Policy(ies)

      minus

      (ii) the sum of claims paid under the Policy(ies) plus Lincoln National retention.

(d) "Medical Insurance" means the coverages provided under the Policy-(ies) other than Life Insurance Benefits and Accidental Death (Dismemberment and Loss of Sight) Benefits.

3. (a) Payment of benefits under the Plan shall be the liability of the Policyholder subject to paragraph 3. (b). Such payment will be drawn on a bank account established by Policyholder. Policyholder shall maintain adequate funds in the account to insure payment of all drafts. Policyholder authorizes Lincoln National to draw and approve such drafts for the purpose of payment of benefits to employees as are covered under the Plan and shall issue instructions to its designated bank, as is necessary, to effect the terms of this Agreement.

(b) Policyholder is liable for and agrees to provide each month funds sufficient to satisfy benefits payable under the Plan up to but not in excess of 90 % of the amount of money which would have been required for payment of premium for Medical Insurance under the Policy(ies) to Lincoln National during the Policy Year in the absence of this Agreement.

(c) If at the end of any month the benefits paid by Policyholder are less than the amount of liability indicated in paragraph 3. (b), such remaining funds are added to the Policyholder's monthly liability for the succeeding month.

4. (a) The premium due each month of the Policy Year shall be equal to

(i) 10 % of the premium that would have been required under the Policy(ies) for payment of premium for Medical Insurance for such months to Lincoln National in the absence of this Agreement.

(ii) 100% of the premium required under the Policy(ies) for payment of premium for insurance other than Medical Insurance.

(b) If calculation of the experience refund for a policy year develops a negative result, additional premiums are payable, equal to 3. (b) as accumulated during such policy year minus benefits paid under the Plan during such policy year, but not more than the amount of the negative result of the experience refund calculation.

If additional premiums payable as indicated are not sufficient to eliminate the negative result developed by the experience refund calculation such deficit will be included in the experience refund calculation for succeeding years until it is eliminated.

Such premiums are payable by the Policyholder to Lincoln National within 31 days of Policyholder's receipt of notice by Lincoln National.

5. (a) In the event that Policyholder chooses to alter the benefits provided during the Policy Year to its employees pursuant to the Plan, the amount of money which would have been required for payment of premium under the policy by Lincoln National referred to in item 3. (b) and the premium due each month of the Policy Year, as referred to in paragraph 4. (a) (i) may be changed to reflect the new benefit structure on the mutual consent of Policyholder and Lincoln National. If Policyholder and Lincoln National cannot agree to a revised figure, this agreement may be terminated by either party upon thirty (30) days' written notice.

(b) In the event of termination of the Policy(ies) and/or the Plan, further monthly premiums are payable as follows: The sum of actual dollars of Medical Expense claim payments made pursuant to the policy plus Lincoln National's claim charge applicable to the actual dollars of the payments made pursuant to the plan (both as determined by drafts issued pursuant to the Plan and/or the Policy during each month after termination of the Policy(ies) or the plan).

(c) In the event Policyholder does not pay benefits for claims which are payable after termination of the policy, Lincoln National shall pay such benefits on behalf of the Policyholder. Any benefits so paid are subject to reimbursement in the form of "monthly premiums" in accordance with paragraph 5. (b).

(d) The terms and obligations in paragraphs 5. (b) and 5. (c) shall survive the termination of this agreement and remain in effect while any benefits contemplated by 5. (b) and 5. (c) for outstanding claims are payable.

6. In the event Policyholder does not pay benefits under the Plan for which it is liable under this Agreement and under the Plan as established, Lincoln National shall pay such benefits on behalf of Policyholder. Any benefits so paid are subject to reimbursement in accordance with paragraph 7. and/or paragraph 8.

7. If a Policyholder shall have paid any amount of benefits which was an obligation of Lincoln National pursuant to this Agreement, Lincoln National shall reimburse Policyholder for such payment. If Lincoln National shall have paid any amount of benefits which was an obligation of Policyholder pursuant to this Agreement, Policyholder shall reimburse Lincoln National for such payment.

8. Lincoln National, acting as agent for and on behalf of Policyholder, shall:

(a) Make final determination of the amount of any medical expense benefits to which an employee may be entitled under the Plan in accordance with the terms and conditions of the Policy(ies) as if such medical expense benefits were payable under the Policy(ies).

(b) Undertake the defense of any lawsuit brought with respect to any claim for benefits payable under the Plan or the Policy(ies) and make final determination of any such lawsuit including settlement when in Lincoln National's judgment it appears reasonable, prudent and expedient to do so.

Policyholder agrees to be responsible for the amount of benefit payments included in any settlement to the extent of its liability as described herein. Payments made in accordance with the terms of any judgment or settlement shall be considered benefits paid to the employees under the Plan for the month in which the judgment or settlement is paid.

9. This Agreement may be terminated:

(a) Upon termination of the Policy(ies), or any of them;

(b) Upon 31 days written notice given by one party to the other party;

(c) Immediately upon written notice by Lincoln National if Policyholder fails to provide funds necessary to satisfy its liability under the Plan, or fails to make payment of premiums as required under the Policy(ies) or any of them.

(d) Immediately upon written notice by Lincoln National if legislation, regulation or judicial decision, in the judgment of Lincoln National, prohibits the continuance of this Agreement.

10. Lincoln National shall use ordinary care and diligence in the performance of its duties as described in this Agreement. Lincoln National shall not be liable for any mistake in judgment or other action taken in good faith.

11. Policyholder shall furnish written notice of certificate modification to employees indicating modification of liability of the coverage as described in the certificate. Policyholder agrees to indemnify Lincoln National and hold Lincoln National harmless against any and all damages and expenses sustained by Lincoln National as a result of any failure by Policyholder to provide such notice.

12. In the event that it is determined by a taxing authority that premium taxes or other taxes of a similar nature are due and payable with respect to any aspect of the Plan other than premiums paid or payable to Lincoln National pursuant to paragraph 4., Policyholder agrees to reimburse Lincoln National for payment of such tax. However, Lincoln National will assist Policyholder in resisting any such determination by a taxing authority.

13. Lincoln National agrees that its personnel involved in the administration and processing of claims shall be reliable and bonded and that Lincoln National shall provide adequate supervision and controls over the payment of such claims.

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY

_____
Assistant Secretary

_____
Date

CITY OF FORT WAYNE

_____

Frank Heyman Signature and Title Controller

September , 1981
Date

EXHIBIT "B"

CORPORATE
BANKING AGREEMENT

FROM: (Civil) CITY OF FORT WAYNE

TO: LINCOLN NATIONAL BANK AND TRUST COMPANY OF FORT WAYNE

Agreement has been reached with the Lincoln National Life Insurance Company, Fort Wayne, Indiana, ("LNL") whereby LNL is to act as our agent in making benefit payments for which we are liable under certain of our employee benefit plans. Drafts and payments of these benefits will be drawn by LNL on bank Account No. _____ ("the Account") at Lincoln National Bank and Trust Company of Fort Wayne ("LNB").

Drafts made payable through the Account are to be presented to LNL. Subsequent to LNL's inspection of the drafts, LNL will advise LNB of the amount to be charged to us. You are to advise our bank, as designated below, by wire or telephone, to make available to you, on the same day the request is initially made, sufficient federal funds to cover the total amount of our indemnified liability for drafts paid, as directed by LNL or pursuant to information supplied by LNL and thereafter determined for payment by LNB. Our designated bank, Fort Wayne National Bank, or subsequent designated bank as such information shall be conveyed to you, will be understanding instructions from us to accept and comply with such orders from LNB.

Copies of transfer notices should be sent by LNB to our designated representative as shown below.

We understand that LNB, may advance funds to the Account on our behalf in order to fund payments from the time drafts

are presented for payment until the time reimbursement is provided by Fort Wayne National Bank, or our subsequently designated bank, and we agree to repay and indemnify LNB for all such advances made by LNB into the Account in compliance with information supplied or as directed by LNL for our benefit.

Send Copies of Fund Transfer Requests to:		Send Fund Transfer Request to:
Name of Representative:	Frank Heyman	
Title:	Controller	
Address:	City-County Bldg.	Bank:
	One Main Street	Account Name:
	Fort Wayne, Indiana 46802	Account Number:

Signed For Account Participant:		Acknowledged For Lincoln National Bank and Trust Company:
By:		By:
Title:	Controller	Title:
Date:	September , 1981	Date: